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WHY THE U.S. ATTEMPT TO EMBARGO CASTRO IS FAILING

Mr. ALLOTT. Mr. President, I have discussed, with two or three other Members of the Senate, what has happened in Cuba. I submit for the Record, and ask unanimous consent to have made a part of my remarks, an article from Forbes of April 15, 1964, entitled "Dollars Talk Louder Than Diplomats," with relation to what has happened to our so-called embargo policy.

There being no objection, the article was ordered to be printed in the Record, as follows:

DOLLARS TALK LOUDER THAN DIPLOMATS

The average American just can't figure it. Britain is selling buses to Castro and France is dickering to sell him trucks. Spain already has sold him 150 trucks and now is working out a deal to sell him 100 fishing boats and 2 freighters. What goes on? Didn't the United States fight side by side with Britain and France in two World Wars and aren't they now, presumably, allies of the United States in NATO? Isn't Spain, presumably, an anti-Communist country? Then why should they frustrate the U.S. attempt to isolate Castro economically by embargoing all shipments to him, except those of food and medical supplies?

For the answer, the baffled American should skip the editorial columns of his newspaper and look at the business and financial section instead. He'll probably find it tucked away in a corner, in 6-point type, under the heading "Commodity Prices."

What has wrecked the U.S. attempt to embargo Castro is not so much the perversity of America's allies. It's the law of supply and demand. When Castro came to power in Cuba, the world price of sugar was 3.27 cents a pound. It's now about 7 cents a pound. In recent months, it has been as high as 12.16 cents. Castro has money. And Castro's money not only talks for him; it has proved a good deal more persuasive than Secretary of State Dean Rusk.

AT FIRST SUCCESS

The story of how the law of supply and demand wrecked the best laid plans of the State Department to bring Castro to his knees goes back to July 6, 1960. On that day, President Eisenhower ordered an end to U.S. purchases of Cuban sugar. This was a heavy blow to El Maximo, as the Cubans then called Castro. The United States had been purchasing about 3 million tons<sup>1</sup> of Cuban sugar a year, more than half of the country's crop, and paying the U.S. price for it.

The U.S. price, artificially pegged to support domestic beet-sugar producers, was more than 2 cents a pound above the world price. For example, in 1959, when the world price averaged 2.97 cents a pound, the U.S. price averaged 5.74 cents. Sugar sales to the United States produced \$355 million net in good green 1959 dollars for Cuba.

The Soviet Union came to Castro's rescue by agreeing to buy his surplus sugar at 4 cents a pound. This was not only less than Castro had been receiving from the United States; even more important, the Russians didn't pay in cash but in barter of other products. The U.S. ban on the purchase of Cuban sugar thus cut by almost 75 percent the annual inflow of what the Cubans call *divisa*; that is, foreign exchange.

Castro then couldn't buy British buses and French trucks and Spanish fishing boats because he couldn't begin to pay for them. Our allies could easily honor the U.S. embargo; they had nothing to lose.

To make matters worse, sugar production also declined. Experienced managers fled the country, leaving students to run plantations and mills. Following Communist dogma, Castro also attempted to diversify Cuban agriculture and to industrialize. Sugar land was planted in other crops; money was spent for machinery rather than fertilizer. Cuba's sugar crop, about 6.8 million tons in 1961, fell to 3.8 million tons last year.

STUPIDITY SPELLS MONEY

Castro was saved by his own ineptitude—and by sheer luck. As Cuba's sugar production dropped, heavy rains quite literally watered down the sugar content of the beet sugar crop in Europe. World sugar production fell below the demand of 55 million tons a year. In 1962, the deficit was 3.4 million tons; in 1963, 3.7 million.

The law of supply and demand went into operation. From a January 1962 low of 2.3 cents a pound, the price of sugar soared to 10 cents and 11 cents a pound and even higher.

By conservative U.S. Government estimates, Castro realized some \$225 million in cash from sales mostly to Western Europe, the Arab nations and Japan last year. By Castro's own reports, he has reaped \$270 million. Castro is not only prosperous enough to buy from Western Europe, but he has also offered to discuss compensating the British-based Shell Oil Co. for a refinery he confiscated from it. That would further frustrate U.S. foreign policy, for in that case Shell might resume selling oil to Castro. If the United States attempted to blockade Cuba, it would have to halt British as well as Russian tankers.

How long Castro will ride high is a matter of some debate. Sugar futures have fallen. On the New York Coffee & Sugar Exchange last month, sample contracts were off to 7.9 cents a pound from a high of 12 cents, to 5.9 cents from 7.1 cents, to 7.8 cents from 13 cents and to 7.4 cents from 8.3 cents. F. O. Licht, sugar economists, have forecast a deficit of only 1.4 million tons this year. And Daniel L. Dyer, of B. W. Dyer & Co., New York sugar brokers, says supply and demand could come into balance late this year.

The United States is also expanding its own sugar output. So are the Philippines, Mexico, Australia, South Africa and other nations. But the experts are predicting that world sugar prices will range upward of \$110 a ton (5 cents a pound) in future years. If much beneath the \$187 a ton which sugar commanded in 1963, that \$110 is about what the United States used to pay.

FEARLESS FORECAST

Recently, Dr. Carlos Rodriguez, head of the Cuban Institute of Agrarian Reform, predicted that Cuba would produce 10 million tons by 1970.<sup>2</sup> Skeptical sugar brokers say that this reminds them of Communist China's claims for its "great leap forward," which proved a disaster. But if Castro can raise output enough to sell the non-Communist world just 1.8 million tons, as Cuba nearly did in 1959, he stands to reap from sugar a minimum of \$200 million in cash from now on.

We may expect to hear from our allies, ever more clearly, "It's not that we don't sympathize, you understand. But money is ~~power~~."

THE GREAT A-11 DECEPTION

Mr. ALLOTT. Mr. President, I submit, and ask to have made a part of my remarks in the Record, an article from the Saturday Evening Post of May 2, 1964, entitled "The Great A-11 Deception."

There being no objection, the article was ordered to be printed in the Record, as follows:

THE GREAT A-11 DECEPTION

(By James Atwater)

In the unemotional, droning tones that he uses for public announcements, President Lyndon B. Johnson recently disclosed that the United States had secretly built one of the most fabulous aircraft ever designed. The new A-11, said the President, could fly for long periods at the incredible speed of more than 2,000 miles an hour, spanning the distance from New York to Chicago in less than 30 minutes. It could cruise at altitudes higher than 70,000 feet—probably high enough and fast enough to be safe from Soviet antiaircraft missiles. Several models of this "advanced experimental jet," the President told his February 29 press conference, were now undergoing tests "to determine their capabilities as long-range interceptors."

President Johnson didn't quite say it, but most Americans would not be blamed for taking his words to mean that the United States has built the hottest jet fighter in history: a plane capable of knocking any enemy bomber out of the sky. And 5 days later Secretary of Defense Robert McNamara went him one better by announcing that "the A-11 is an interceptor aircraft; it is being developed as such." The Department of Defense released a photograph of the aircraft that identified it as an interceptor.

In actual fact, the A-11 is not an interceptor. Furthermore, it was never designed to be an interceptor. And though future modifications might give it some value as a special-mission bomber, there is no certainty that they will prove successful. If the United States today is vulnerable to Soviet attack, the A-11 does not make it any less so.

The mystery of the A-11 actually is part of a larger controversy which has long divided top U.S. officials—the controversy over the future of manned aircraft. The Air Force, unwilling to rely entirely on missiles, has fought hard for the continued production of manned bombers and fighter planes. Secretary McNamara, determined to hold down defense costs and considering such new planes a waste of money, has resisted the airmen's demands. And in a campaign year, the state of the Nation's defenses provides a rich field for partisan charges and countercharges. Just as the Democrats in 1960 raised charges of a "missile gap" that later proved nonexistent, Republicans soon began calling the announcement of the A-11 misleading. One Republican on the House Armed Services Committee, FRANK BECKER, frankly called it phony.

Once the announcement had been made, however, the administration became unusually secretive about the wondrous A-11. Defense and Air Force information officers turned down all requests from reporters who wanted to learn more about the plane. McNamara, who often in the past has answered sensitive questions if they are put in writing, was approached by the Saturday Evening Post with some new questions:

"Is the A-11 now a fully developed interceptor?"

"If not, how vigorously will the A-11 be developed as an interceptor?"

In response to these questions, the Defense Department refused to elaborate on what President Johnson had said about the plane in his press conference.

Yet, unlike the standard interceptor, which is designed as a vehicle for carrying a weapons system, the A-11 was designed for a wholly different purpose which President Johnson didn't mention at all: reconnaissance. It looks like a giant dart. The shaft is a fuselage 90 feet long. Far out toward the point, so far that it seems isolated from the rest of the aircraft, is the cockpit for the two-man crew. At the rear of the fuselage are two huge engines and, almost as an

<sup>1</sup> Sugar is measured in metric tons, 2,204.6 pounds to a ton.

<sup>2</sup> The U.S. Department of Agriculture is forecasting a 1964 crop of only 3.6 million tons, somewhat less than the 1963 crop.